

**NORTHWEST IOWA COMMUNITY COLLEGE
SHELDON, IOWA**

**Independent Auditors' Report
Financial Statements and Supplemental Information
Schedule of Findings and Questioned Costs**

June 30, 2007

**NORTHWEST IOWA COMMUNITY COLLEGE
C O N T E N T S**

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NORTHWEST IOWA COMMUNITY COLLEGE

OFFICIALS

NAME	TITLE	TERM EXPIRES
Board of Directors		
Kenneth Vande Brake	Member	2009
Craig Struve	Member	2009
Chad Hamill	Member	2008
Dr. Loretta Berkland	President	2008
James Haberkorn	Member	2007
Larry Hoekstra	Vice-President	2007
Leroy Van Kekerix	Member	2008
Community College		
Dr. William Giddings	President	
Alethea Stubbe	Vice President of Finance and Administrative Services, Board Secretary/Treasurer	

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Northwest Iowa Community College
Sheldon, Iowa

We have audited the accompanying financial statements of NORTHWEST IOWA COMMUNITY COLLEGE, Sheldon, Iowa, as of and for the year ended June 30, 2007. These financial statements are the responsibility of the Community College's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statement of the Northwest Iowa Community College Foundation (the component unit of the Community College discussed in Note 1), which statements reflect total assets of \$1,792,337 and total operating revenues of \$366,047 for the year then ended. Those financial statements were audited by other auditors whose reports thereon have been furnished to us and our opinion insofar as it relates to that unit is based on the report of the other auditor.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditor provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the other auditor, the financial statements referred to above present fairly, in all material respects, the financial position of Northwest Iowa Community College as of June 30, 2007, and the changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2007, on our consideration of Northwest Iowa Community College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4-10 and 27-28, respectively, are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Northwest Iowa Community College's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2006 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information on pages 29 through 51 including the Schedule of Expenditures of Federal Awards required by the United States Office of Management and Budget (OMB) Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements of Northwest Iowa Community College. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Williams & Company, P.C.
Certified Public Accountants

Le Mars, Iowa
December 7, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of Northwest Iowa Community College provides this Management's Discussion and Analysis of the College's annual financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2007. We encourage readers to consider this information in conjunction with the College's financial statements, which follow, as well as the separately issued financial statements of the Northwest Iowa Community College Foundation, a blended component unit of the College.

2007 FINANCIAL HIGHLIGHTS

- ♦ College operating revenues increased 3.9% or \$366,249 from fiscal year 2006 (FY 06). Federal appropriations and auxiliary enterprise revenues reported an increase and tuition and fees, and Iowa Industrial New Jobs Training revenues decreased.
- ♦ College operating expenses decreased .9% or \$144,603 from fiscal year 2006 (FY 06). Liberal arts and sciences, adult education, student services, physical plant, general institution, and auxiliary enterprises reported an increase in expenditures, while vocational technical, cooperative services, administration, learning resources, scholarships and grants, and depreciation expenses decreased.
- ♦ The College's net assets increased 11%, or approximately \$2,027,151, from fiscal year 2006 (FY 06).

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the College's financial activities.

The Basic Financial Statements consist of a statement of net assets, a statement of revenues, expenses and changes in net assets and a statement of cash flows. These provide information about the activities of the College as a whole and present an overall view of the College's finances.

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the College's budget for the year.

Other Supplementary Information provides detailed information about the individual funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefiting the College.

REPORTING THE COLLEGE'S FINANCIAL ACTIVITIES

The Statement of Net Assets

The Statement of Net Assets presents the assets, liabilities and net assets of the College as a whole, as of the end of the fiscal year. The Statement of Net Assets is a point-in-time financial statement. The purpose of this statement is to present a fiscal snapshot of the College to the readers of the financial statements. The Statement of Net Assets includes year-end information concerning current and non-current assets, current and non-current liabilities, and net assets (assets less liabilities). Over time, readers of the financial statements will be able to determine the College's financial position by analyzing the increases and decreases in net assets. This statement is also a good source for readers to determine how much the College owes to outside vendors and creditors. The statement also presents the available assets that can be used to satisfy those liabilities.

Net Assets

	June 30	
	2007	2006
Current Assets	\$ 21,082,032	\$ 19,289,409
Noncurrent Assets	14,496,483	12,760,158
Total Assets	<u>35,578,515</u>	<u>32,049,567</u>
Current Liabilities	5,547,266	4,484,444
Noncurrent Liabilities	9,638,093	9,199,118
Total Liabilities	<u>15,185,359</u>	<u>13,683,562</u>
Net Assets		
Invested in capital assets, net of related debt	8,334,907	8,723,971
Restricted	2,563,749	1,886,254
Unrestricted	9,494,500	7,755,780
Total Net Assets	<u>\$ 20,393,156</u>	<u>\$ 18,366,005</u>

Comparison of Net Assets

The largest portion of the College's net assets (46.6%) is the unrestricted assets that can be used to meet the College's obligations as they come due. The next largest portion of the College's net assets (40.9%) is invested in capital assets (e.g., land, buildings, and equipment), less the related debt. The debt related to the capital assets is liquidated with resources other than capital assets. The restricted portion of the net assets (12.5%) includes resources that are subject to external restrictions.

Statement of Revenues, Expenses and Changes in Net Assets

Changes in total net assets as presented on the Statement of Net Assets are based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Assets. The purpose of the statement is to present the revenues received by the College, both operating and non-operating, and the expenses paid by the College, operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the College.

In general, a public college, such as Northwest Iowa Community College, will report an operating loss since the financial reporting model classifies state appropriations and property tax as non-operating revenues. Operating revenues are received for providing goods and services to the students, customers and constituencies of the College. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues and to carry out the mission of the College. Non-operating revenues are revenues received for which goods and services are not provided. The utilization of capital assets is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life.

Changes in Net Assets

	June 30	
	2007	2006
Operating Revenues:		
Tuition and fees	\$ 3,315,756	\$ 3,680,573
Federal appropriations	1,538,295	1,233,337
Iowa Industrial New Jobs Training Program	1,889,462	2,142,573
Auxiliary	2,541,131	1,183,805
Miscellaneous	371,399	1,049,506
Total operating revenues	9,656,043	9,289,794
Total operating expenses	15,102,102	15,246,705
Operating Loss	(5,446,059)	(5,956,911)
Non-operating revenues (expenses)		
State appropriations	4,642,394	4,874,352
Property tax	1,643,656	1,385,528
Interest income on investments	818,952	511,424
Gain on sale of capital assets	-	(11,324)
Rental of college facilities	5,319	16,740
Reimbursements	-	17,000
Foundation Revenue (net of expense)	369,338	262,227
Interest on indebtedness	(6,449)	(7,880)
Net non-operating revenues	7,473,210	7,048,067
Increase in net assets	2,027,151	1,091,156
Net assets beginning of year	18,366,005	17,274,849
Net assets end of year	\$20,393,156	\$18,366,005

The Statement of Revenues, Expenses and Changes in Net Assets reflects a positive year, with an increase in the net assets at the end of the fiscal year.

Total Revenue by Source

In FY 07, operating revenues increased by \$366,249 (3.9%) as a net result of the following changes:

- ♦ The decrease in tuition and fees revenue is due to a change in the elimination of the interfund activities from fiscal year 2006. In 2006 \$751,058 of amounts paid for interfund tuition and fees were eliminated from the auxiliary enterprise tuition and fee amounts, however in fiscal year 2007 it was decided it would be more accurate to eliminate these interfund tuition and fee payments from the general tuition and fee amounts. Thus in the current year \$719,255 was eliminated from general tuition and fees revenue, causing it to appear that general tuition and fees decreased from the prior year because of this change in presentation. This change also caused the auxiliary enterprises to show greater revenues in fiscal year 2007 as compared to fiscal year 2006.
- ♦ Federal appropriations increased by \$304,958 due to the increase activity of the Department of Labor Grant.
- ♦ The Iowa Industrial New Jobs Training program decreased by \$253,111 due to the issuance of \$4.1 million of new jobs training certificates in fiscal year 2006 with less certificates being issued in fiscal year 2007.
- ♦ The miscellaneous group decreased by \$678,107 due to a larger administrative fee being received by the College in fiscal year 2006 as a result of the \$4.1 million issuance of new jobs training certificates.

Total Expenses

	Year Ended June 30	
	2007	2006
Education and support:		
Liberal arts and sciences	\$ 946,466	\$ 896,772
Vocational technical	3,378,097	3,476,040
Adult education	717,107	652,824
Cooperative services	1,898,276	2,160,803
Administration	719,507	1,444,392
Student services	748,640	632,854
Learning resources	218,905	220,069
Physical plant	1,028,514	998,950
General institution	2,257,189	1,814,882
Auxiliary enterprises	2,379,406	2,072,195
Scholarships and grants	131,049	162,210
Depreciation	678,946	714,714
Total Operating Expenses	\$15,102,102	\$15,246,705

In FY 07, operating expenses decreased by \$144,603 (.9%). The following factors explain some of the changes:

- ♦ Cooperative services decreased by \$262,527 as a result of the large issuance of the 260E New Jobs Training Certificates in FY 06 and a lesser issuance in FY 07.

- ♦ Administration decreased by \$724,885 as a result of an early retirement program that the college offered for FY 06. More detail on the early retirement program is presented in Note 10 to the financial statements.
- ♦ General institution increased by \$442,307 as a result of the increased activity of the Department of Labor Grant for fiscal year 2007.
- ♦ Auxiliary enterprises increased by \$307,211 as a result of spending re-training dollars received from the State of Iowa in previous years and increase activity in the bookstore.

Statement of Cash Flows

The Statement of Cash Flows is an important tool in helping users assess the College's ability to generate future net cash flows, its ability to meet its obligations as they come due, and its need for external financing. The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, non-capital financing, capital financing and investing activities.

Cash Flows

	Year Ended June 30	
	2007	2006
Cash provided (used) by:		
Operating activities	\$(5,438,625)	\$(1,852,339)
Non-capital financing activities	7,289,413	6,193,823
Capital and related financing activities	19,694	(655,089)
Investing activities	818,953	511,424
Net increase in cash	2,689,435	4,197,819
Cash, beginning of the year	15,113,066	10,915,247
Cash, end of the year	<u>\$17,802,501</u>	<u>\$15,113,066</u>

Cash used by operating activities includes tuition, fees, grants and contracts, net of payments to employees and to suppliers. Cash provided by non-capital financing activities includes state appropriations, local property tax received by the College and the receipt and disbursement of federal direct loan program proceeds. Cash used by capital and related financing activities represents the proceeds from debt, the principal and interest payments on debt and the purchase of capital assets. Cash provided by investing activities includes investment income received.

CAPITAL ASSETS

At June 30, 2007, the College had approximately \$10.2 million invested in capital assets, net of accumulated depreciation of \$10.4 million. Depreciation charges totaled \$678,946 for FY 07. Details of capital assets are shown below.

Capital Assets, Net, at Year-End

	June 30	
	2007	2006
Land	\$ 346,880	\$ 346,880
Buildings and Other Structures	6,228,429	6,336,734
Equipment	1,546,467	1,617,739
Software Development	371,211	412,457
Construction in Progress	1,751,920	250,161
Total	<u>\$10,244,907</u>	<u>\$8,963,971</u>

Planned capital expenditures for the fiscal year ending June 30, 2008 are expected to include technology and new facility construction at an estimated cost of \$1.5 million. The college will be finishing an apartment style dormitory which is funded through the sale of revenue bonds, the Radiological Technology addition and the construction of a new parking lot. More detailed information about the College's capital assets is presented in Note 5 to the financial statements.

DEBT

At June 30, 2007, the College had \$10.7 million in debt outstanding, an increase of \$1,125,000 from 2006. The certificates payable is the 260E New Jobs Training Certificates and the increase in bonds payable are the revenue bonds for the new apartment style dormitory. The table below summarizes these amounts by type.

Outstanding Debt

	June 30	
	2007	2006
Certificates Payable	\$ 8,790,000	\$ 9,310,000
Notes Payable	65,000	130,000
Bonds Payable	1,870,000	160,000
Total	<u>\$10,725,000</u>	<u>\$ 9,600,000</u>

More detailed information about the College's outstanding debt is presented in Note 6 to the financial statements.

ECONOMIC FACTORS

Northwest Iowa Community College continued to improve its financial position during the current fiscal year. However, the current condition of the economy in the state continues to be a concern for College officials. Some of the realities that may potentially become challenges for the College to meet are:

- ◆ State aid will remain virtually unchanged. There was a deappropriation in state general aid in FY 02 in the net amount of \$255,751. State aid for FY 07 was \$190,987 more than what was collected in state general aid in FY 01.
- ◆ Expenses will continue to increase and the burden of meeting these obligations have been placed on the students with the continued increases in tuition and fees.
- ◆ Facilities at the College require constant maintenance and upkeep.
- ◆ Technology continues to expand and current technology becomes outdated presenting an ongoing challenge to maintain up to date technology at a reasonable cost.

The College anticipates the current fiscal year will be much like the last and will maintain a close watch over resources to maintain the College's ability to react to unknown issues.

Contacting the College's Financial Management

This financial report is designed to provide our customers, taxpayers in the community college district and our creditors with a general overview of the College's finances and to demonstrate the College's accountability for the resources it receives. If you have questions about the report or need additional financial information, contact Northwest Iowa Community College, 603 West Park Street, Sheldon, IA 51201.

NORTHWEST IOWA COMMUNITY COLLEGE
STATEMENT OF NET ASSETS
JUNE 30, 2007

ASSETS

Current Assets:

Cash and Pooled Investments	\$ 17,802,501
Receivables:	
Accounts, Net of Allowance for Doubtful Accounts of \$1,752	722,900
Property Tax:	
Current Year Delinquent	22,303
Succeeding Year	1,688,924
Iowa Industrial New Jobs Training Program	290,524
Notes	90
Due from Other Governments	283,786
Inventories	157,937
Prepaid Expenses	113,067
Total Current Assets	<u>21,082,032</u>

Noncurrent Assets:

Endowment Investments	1,792,337
Receivables:	
Iowa Industrial New Jobs Training Program	2,416,642
Bond Issue Costs	42,597
Capital Assets:	
Land	346,880
Construction in Progress	1,751,920
Buildings	11,956,148
Other Structures and Improvements	1,017,800
Furniture, Machinery and Equipment	5,199,147
Software Development	412,457
Accumulated Depreciation	<u>(10,439,445)</u>
Total Noncurrent Assets	14,496,483

Total Assets

\$ 35,578,515

NORTHWEST IOWA COMMUNITY COLLEGE
STATEMENT OF NET ASSETS
JUNE 30, 2007

LIABILITIES

Current Liabilities:

Accounts Payable	\$ 678,067
Salaries and Benefits Payable	187,095
Accrued Interest Payable	7,455
Deferred Revenue:	
Succeeding Year Property Tax	1,688,924
Other	423,757
Early Retirement Payable	331,181
Compensated Absences Payable	21,179
Insurance Reserve	150,000
Deposits Held in Custody for Others	244,608
Certificates Payable	1,695,000
Notes Payable	40,000
Bonds Payable	80,000
Total Current Liabilities	<u>5,547,266</u>

Noncurrent Liabilities:

Compensated Absences Payable	190,610
Early Retirement Payable	537,483
Certificates Payable	7,095,000
Notes Payable	25,000
Bonds Payable	1,790,000
Total Noncurrent Liabilities	<u>9,638,093</u>

Total Liabilities

15,185,359

NET ASSETS

Invested in Capital Assets, Net of Related Debt	8,334,907
Restricted:	
Nonexpendable:	
Cash Reserve	119,016
Temporarily Restricted Foundation Net Assets	542,409
Permanent Foundation Net Assets	173,610
Expendable:	
Loans	13,118
Board Restricted Foundation Net Assets	544,162
Other Foundation Net Assets	532,156
Other	639,278
Unrestricted	9,494,500
Total Net Assets	<u>\$ 20,393,156</u>

See Notes to Financial Statements

**NORTHWEST IOWA COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2007**

Revenues

Operating Revenues:

Tuition and Fees, net of scholarship allowances of \$719,255	\$ 3,315,756
Federal Appropriations	1,538,295
Iowa Industrial New Jobs Training Program	1,889,462
Auxiliary Enterprises, net of scholarship allowances of \$119,137	2,541,131
Miscellaneous	371,399
Total Operating Revenues	<u>9,656,043</u>

Expenses

Operating Expenses:

Education and Support:

Liberal Arts and Sciences	946,466
Vocational Technical	3,378,097
Adult Education	717,107
Cooperative Services	1,898,276
Administration	719,507
Student Services	748,640
Learning Resources	218,905
Physical Plant	1,028,514
General Institution	2,257,189
Auxiliary Enterprises	2,379,406
Scholarships and Grants	131,049
Depreciation	678,946
Total Operating Expenses	<u>15,102,102</u>

Operating (Loss) (5,446,059)

Non-operating Revenues (Expenses)

State Appropriations	4,642,394
Property Tax	1,643,656
Interest Income From Investments	818,952
Rental of College Facilities	5,319
Foundation Revenue (net of expense)	369,338
Interest on Indebtedness	(6,449)
Net Non-operating Revenues	<u>7,473,210</u>

Increase in Net Assets 2,027,151

Net Assets Beginning of Year 18,366,005

Net Assets End of Year \$ 20,393,156

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NORTHWEST IOWA COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2007

Cash Flows from Operating Activities:	
Tuition and Fees	\$ 3,271,673
Grants and Contracts	1,517,189
Iowa Industrial New Jobs Training Program	1,987,884
Payments to Employees	(7,799,937)
Payments to Suppliers	(4,695,629)
Net Receipts of NJTP Issuances and Repayments	(2,411,027)
Payments for Scholarships	(131,049)
Auxiliary Enterprise Charges	2,450,872
Other Receipts	371,399
Net Cash (Used) by Operating Activities	<u>(5,438,625)</u>
Cash Flows from Non-Capital Financing Activities:	
State Appropriations	5,448,706
Property Tax	1,641,739
Rental of College Facilities	5,319
Foundation	192,415
Agency receipts	178,277
Agency disbursements	(177,043)
Net Cash Provided From Non-Capital Financing Activities	<u>7,289,413</u>
Cash Flows from Capital and Related Financing Activities:	
Aquisition of Capital Assets	(1,576,149)
Proceeds from the Issuance of Bonds	1,702,403
Principal Paid on Debt	(100,000)
Interest Paid on Debt	(6,560)
Net Cash Provided by Capital and Related Financing Activities	<u>19,694</u>
Cash Flows from Investing Activities:	
Interest on Investments	<u>818,953</u>
Net Cash Provided by Investing Activities	<u>818,953</u>
Net Increase in Cash	2,689,435
Cash at Beginning of Year	<u>15,113,066</u>
Cash at End of Year	<u><u>\$ 17,802,501</u></u>

See Notes to Financial Statements

NORTHWEST IOWA COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2007

Reconciliation of Operating Loss to Net Cash Used by

Operating Activities:

Operating (Loss)	\$ (5,446,059)
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Adjustments to Reconcile Operating Loss to Net Cash

Used by Operating Activities:

Depreciation	678,946
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Changes in Assets and Liabilities:

(Increase) in Prepaid	(7,326)
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(Increase) in Accounts Receivable	(136,083)
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Decrease in NJTP Receivable	83,703
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(Increase) in Due From Other Governments	(20,601)
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(Increase) in Inventories	(13,602)
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(Decrease) in Accounts Payable	(7,767)
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Increase in Salaries Payable	18,483
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Increase in Deferred Revenue	15,954
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Increase in Compensated Absences	12,471
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(Decrease) in Early Retirement Payable	(107,739)
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Increase in Deposits in Custody	10,995
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(Decrease) in Certificates Payable	(520,000)
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Total Adjustments	7,434
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Net Cash (Used) by Operating Activities	<u>\$ (5,438,625)</u>
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NORTHWEST IOWA COMMUNITY COLLEGE
Notes To Financial Statements
June 30, 2007

Note 1 - Summary of Significant Accounting Policies

Northwest Iowa Community College is a publicly supported college, established and operated by Merged Area IV under the provisions of Chapter 260C of the Code of Iowa. Northwest Iowa Community College may offer programs of adult and continuing education, lifelong learning, community education, and up to two years of liberal arts, pre-professional or occupational instruction partially fulfilling the requirements for a baccalaureate degree but confers no more than an associate degree. Northwest Iowa Community College also offers up to two years of vocational or technical education, training or retraining to persons who are preparing to enter the labor market. Northwest Iowa Community College maintains a campus and has its administrative office in Sheldon, Iowa. The Community College is governed by a Board of Directors whose members are elected from each director district within Merged Area IV.

The Community College's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Northwest Iowa Community College has included all funds, organizations, agencies, boards, commissions and authorities. The Community College has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Community College are such that exclusion would cause the Community College's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Community College to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the Community College. Northwest Iowa Community College has included the Northwest Iowa Community College Foundation as a blended component unit that meets the Governmental Accounting Standards Board criteria. The Northwest Iowa Community College Foundation has been audited separately and a report has been issued under separate cover. A copy of the audited financial statements are available at the College.

Blended Component Unit

Northwest Iowa Community College Foundation is a non-profit corporation, whose goal is to provide support to the Community College and students, and whose financial activities are included as endowment funds in these financial statements. Northwest Iowa Community College Foundation primarily receives funds through donations to provide scholarships to students. The governing board of this organization has members who are also officers of the Community College. However, these members do not comprise a majority of the Foundation's board.

NORTHWEST IOWA COMMUNITY COLLEGE
Notes To Financial Statements
June 30, 2007

Note 1 - Summary of Significant Accounting Policies – (Continued)

Net assets of the Foundation at June 30, 2007, include the following:

Expendable Net Assets	\$ 1,076,318
Temporarily Restricted Net Assets	542,409
Permanently Restricted Net Assets	173,610
	<u>\$ 1,792,337</u>

B. Basis of Presentation

GASB Statement No. 35 establishes standards for external financial reporting for public colleges and universities and requires resources to be classified for accounting and reporting purposes into the following four net asset categories:

Invested in Capital Assets, Net of Related Debt: Capital assets, net of accumulated depreciation and outstanding debt obligations attributable to the acquisition, construction or improvement of those assets.

Restricted Net Assets:

Nonexpendable – Net assets subject to externally imposed stipulations that they be maintained permanently by the Community College, including the Community College's permanent endowment funds, and a cash reserve required by Iowa Code.

Expendable – Net assets whose use by the Community College is subject to externally imposed stipulations that can be fulfilled by actions of the Community College, pursuant to those stipulations or that expire by the passage of time.

Unrestricted Net Assets: Net assets that are not subject to externally imposed situations. Resources may be designated for specific purposes by action of management or by the Board of Directors or may otherwise be limited by contractual agreements with outside parties. When an expense is incurred for which both restricted and unrestricted resources are available, the College will first apply restricted resources.

GASB Statement No. 35 also requires that Statements of Net Assets, Revenues, Expenses and Changes in Net Assets and Cash Flows be reported on a consolidated basis. These basic financial statements report information on all of the activities of the Community College. For the most part, the effect of interfund activity has been removed from these statements.

NORTHWEST IOWA COMMUNITY COLLEGE
Notes To Financial Statements
June 30, 2007

Note 1 - Summary of Significant Accounting Policies – (Continued)

C. Measurement Focus and Basis of Accounting

For financial reporting purposes, Northwest Iowa Community College is considered a special-purpose government engaged only in business type activities as defined in GASB Statement No. 34. Accordingly, the basic financial statements of the College have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

D. Assets, Liabilities and Net Assets

The following accounting policies are followed in preparing the balance sheet:

Cash and Pooled Investments – Investments consist of non-negotiable savings and certificates of deposit and are stated at cost which approximates fair value.

For the purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amount of cash, and at the day of purchase, they have a maturity date no longer than three months.

Short-Term Interfund Receivables/Payables – During the course of its operations, the Community College had numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received, as of June 30, 2007, balances of interfund amounts receivable or payable have been recorded as “due to other funds” and “due from other funds”, respectively.

Due from Other Governments – This asset represents state aid, grants and reimbursements due from the State of Iowa, grants and reimbursements due from the Federal government, and amounts due from local municipalities.

Inventories – Inventories are valued at lower of cost (first-in, first-out method) or market. The cost is recorded as an expenditure at the time individual inventory items are consumed.

Property Tax Receivable – Property tax receivable is recognized on the levy or lien date, which is the date that the tax asking is certified by the Board of Directors to the appropriate County Auditors. Current year delinquent property taxes receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the Board of Directors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Directors is required to certify its budget to the County Auditor by June 1 of

NORTHWEST IOWA COMMUNITY COLLEGE
Notes To Financial Statements
June 30, 2007

Note 1 - Summary of Significant Accounting Policies – (Continued)

each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

Receivable for Iowa Industrial New Jobs Training Program (NJTP) – This represents the amount to be remitted to the Community College for training projects entered into between the Community College and employers under the provisions of Chapter 260E of the Code of Iowa. The receivable amount is based on expenditures incurred through June 30, 2007, on NJTP projects, plus interest incurred on NJTP certificates, less revenues received to date.

Capital Assets – Capital assets, which include land, buildings and improvements and equipment and vehicles, are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized. No interest costs were capitalized since there were no qualifying assets.

Capital assets are defined by the Community College as assets with initial, individual costs in excess of \$5,000.

Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u> <u>(In Years)</u>
Buildings	30
Other structures and improvements	30
Equipment	5-10
Vehicles	5-10

The Community College does not capitalize or depreciate library books. The value of each book falls below the capital asset threshold and the balance was deemed immaterial to the financial statements. Interest costs incurred during the year were \$41,545 of which \$35,096 have been capitalized.

Salaries and Benefits Payable – Payroll and related expenses for instructors with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

NORTHWEST IOWA COMMUNITY COLLEGE
Notes To Financial Statements
June 30, 2007

Note 1 - Summary of Significant Accounting Policies – (Continued)

Deferred Revenue – When assets are recognized in connection with a transaction before the earnings process is complete, those assets must be offset by a corresponding liability for deferred revenue. Deferred revenue consists of succeeding year property tax receivable, tuition deposits, tuition paid for portion of summer term after June 30th, and unearned revenue on 260 E and F projects.

Compensated Absences – Community College employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. Amounts representing the cost of compensated absences plus related benefits are recorded as liabilities of the appropriate fund. These liabilities have been computed based on rates of pay in effect at June 30, 2007.

Auxiliary Enterprise Revenues – Auxiliary enterprise revenues primarily represent revenues generated by the bookstore, dormitories, parts, printing and reproduction, and trade and industry.

Summer Session – The College operates summer sessions during May, June, and July. Revenues and expenses for the summer sessions are allocated between fiscal years based upon the number of days in the term occurring before and after June 30th.

Tuition and Fees – Tuition and fees revenues are reported net of scholarship allowances, while other payments made directly to students are presented as scholarship expenses.

Operating and Non-Operating Activities – Operating activities, as reported in the Statement of Revenues, Expenses and Changes in Net Assets, are transactions that result from exchange transactions, such as payments received for providing services and payments made for services or goods received. Non-operating activities include state appropriations, property tax and interest income.

E. Scholarship Allowances and Student Aid

Financial aid to students is reported in the financial statements under the alternative method, as prescribed by the National Association of College and University Business Officers (NACUBO). Certain aid (loans, funds provided to students as awarded by third parties) is accounted for as third party payments (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expenses represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on a total College basis by allocating the cash payments to students, excluding payments for services, on the ratio of all aid to the aid not considered to be third party aid.

NORTHWEST IOWA COMMUNITY COLLEGE
Notes To Financial Statements
June 30, 2007

Note 2 - Cash and Pooled Investments

The Community College's deposits in banks at June 30, 2007, were entirely covered by Federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This Chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The Community College is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Directors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements, certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

All of the College's investments are in savings accounts, certificates of deposit or money-market accounts, thus cost equals fair value for all of the College's investments. Additionally, as all the College's investments are some form of deposit and protected per Chapter 12c of the Iowa Code, credit risk and concentration risks do not apply. The College protects against interest rate risk by dictating all maturities be of one year or less.

Note 3 - Accounts Receivable and Credit Policies

Accounts receivable includes \$20,873 for uncollateralized student obligations stated at the amount billed to the student plus any accrued and unpaid interest. The carrying amount of accounts receivable is reduced by an allowance of \$1,752 that reflects management's best estimate of the amounts that will not be collected. Management reviews all accounts receivable balances that are delinquent and estimates the portion, if any, of the balance that will not be collected.

Each student is required to pay the balance on their account by the first day of class. However, students do have the option of enrolling with a third party designated by the college which administers a payment plan. The students are required to pay a \$35 fee to participate in the plan, of which NICC receives \$10. The third party handles all collections of payments and remits them to NICC.

Note 4 - Inventories

The Community College's inventories at June 30, 2007, are as follows:

Parts, Supplies and Materials	\$ 27,027
Merchandise Held for Resale-Bookstore	103,624
Other-Bookstore	27,286
Total	<u>\$ 157,937</u>

NORTHWEST IOWA COMMUNITY COLLEGE
Notes To Financial Statements
June 30, 2007

NOTE 5 - Capital Assets

Capital assets activity for the year ended June 30, 2007 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End Of Year
Capital Assets, not being depreciated:				
Land	\$ 346,880			\$ 346,880
Construction in Progress	250,161	\$ 1,741,920	\$ 240,161	1,751,920
Total Capital Assets, not being depreciated	<u>597,041</u>	<u>1,741,920</u>	<u>240,161</u>	<u>2,098,800</u>
Capital Assets, being depreciated:				
Buildings	11,956,148			11,956,148
Other Structures and Improvements	777,639	240,161		1,017,800
Furniture, Machinery and Equipment	5,031,213	227,622	59,688	5,199,147
Software Development	412,457	-	-	412,457
Total Capital Assets, being depreciated	<u>18,177,457</u>	<u>467,783</u>	<u>59,688</u>	<u>18,585,552</u>
Less Accumulated Depreciation for:				
Buildings and Other Structures and Improvements	6,397,053	348,466		6,745,519
Movable Equipment	<u>3,413,474</u>	<u>330,480</u>	<u>50,028</u>	<u>3,693,926</u>
Total Accumulated Depreciation	<u>9,810,527</u>	<u>678,946</u>	<u>50,028</u>	<u>10,439,445</u>
Total Capital Assets, Being Depreciated, Net	<u>\$ 8,366,930</u>	<u>\$ (211,163)</u>	<u>\$ (9,660)</u>	<u>\$ 8,146,107</u>

Furniture, machinery and equipment include \$384,480 of assets acquired under capital lease.
Other structures and improvements include \$14,361 of assets acquired under capital lease.

The Community College signed a joint use operating lease agreement for the use of space at 950 Corporate Center, Sioux Center, Iowa on January 1, 2003. The agreement is a commitment of \$5,000 a year for five years through December 31, 2007.

NORTHWEST IOWA COMMUNITY COLLEGE
Notes To Financial Statements
June 30, 2007

NOTE 6 – Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2007, is as follows:

	<u>Certificates Payable</u>	<u>Notes Payable</u>	<u>Bonds Payable</u>	<u>Compensated Absences</u>	<u>Total</u>
Balance Beginning of Year	\$ 9,310,000	\$ 130,000	\$ 160,000	\$ 199,317	\$ 9,799,317
Additions	775,000		1,745,000	194,638	2,714,638
Reductions	1,295,000	65,000	35,000	182,166	1,577,166
Balance End of Year	<u>\$8,790,000</u>	<u>\$65,000</u>	<u>\$ 1,870,000</u>	<u>\$ 211,789</u>	<u>\$10,936,789</u>
Portion Due Within One Year	<u>\$ 1,695,000</u>	<u>\$ 40,000</u>	<u>\$ 80,000</u>	<u>\$ 21,179</u>	<u>\$ 1,848,679</u>

Certificates Payable

In accordance with agreements dated between December 9, 1985 and June 1, 2007, the Community College issued certificates totaling \$18,360,000, with interest rates ranging from 2.6% to 8.1% per annum. The debt was incurred to fund the development and training costs incurred relative to implementing Chapter 260E of the Code of Iowa, Iowa Industrial New Jobs Training Program (NJTP). NJTP's purpose is to provide tax-aided training for employees of industries which are new to or are expanding their operations within the State of Iowa. Interest is payable semiannually, while principal payments are due annually. The certificates are to be retired by proceeds from anticipated job credits from withholding taxes, incremental property taxes, budgeted reserves and in the case of default from standby property taxes.

Long-Term Debt

The certificates will mature as follows:

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 1,695,000	\$ 507,590	\$ 2,202,590
2009	1,500,000	408,345	1,908,345
2010	1,060,000	317,743	1,377,743
2011	1,100,000	257,745	1,357,745
2012	795,000	194,065	989,065
2013-2017	<u>2,640,000</u>	<u>344,373</u>	<u>2,984,373</u>
Total	<u>\$ 8,790,000</u>	<u>\$ 2,029,861</u>	<u>\$ 10,819,861</u>

Notes Payable

The Community College has issued two notes as allowed by Section 260C.58 of the Code of Iowa.

The first note, for the purchase of equipment, was issued for \$125,000 during the year ended June 30, 2000. There is no stated interest rate and the note is payable in annual installments of \$12,500 each July beginning on July 1, 2000. The note balance at June 30, 2007 is \$25,000. The note is unsecured.

NORTHWEST IOWA COMMUNITY COLLEGE
Notes To Financial Statements
June 30, 2007

NOTE 6 – Changes in Long-Term Liabilities – (Continued)

The second note, to finance building expansion, was issued for \$200,000 during the year ended June 30, 2003. There is no stated interest rate and the note is payable in annual installments of \$40,000 each September beginning on September 9, 2003. The note balance at June 30, 2007 is \$40,000. The note is unsecured.

Bonds Payable

On December 1, 2001, the Community College advance refunded its 1992 dormitory building construction bonds. The Community College issued \$335,000 dormitory refunding revenue bonds with interest rates ranging from 2.50% to 4.30% to provide resources to purchase U.S. Government Securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Plant Fund. This refunding was undertaken to reduce total debt service payments over the next 8 years by \$81,590.

On February 1, 2007 the college issued \$1,745,000 of Dormitory Revenue Bonds for the construction of the Lyon Hall Student Housing Complex as allowed by Section 260C.19 of the Code of Iowa.

The Dormitory bonds will mature as follows:

<u>Years</u> <u>Ending</u> <u>June 30,</u>	<u>Interest</u> <u>Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	3.80-4.15%	\$ 80,000	\$ 89,460	\$ 169,460
2009	4.05-4.15%	90,000	86,180	176,180
2010	4.20%	100,000	82,423	182,423
2011	4.25-4.30%	60,000	78,182	138,182
2012	4.30%	65,000	75,633	140,633
2013-2017	4.35-4.65%	375,000	332,272	707,272
2018-2022	4.75-5.05%	475,000	236,063	711,063
2023-2027	5.10-5.30%	625,000	101,870	726,870
Total		<u>\$1,870,000</u>	<u>\$1,082,083</u>	<u>\$ 2,952,083</u>

NOTE 7 – Iowa Public Employees Retirement System (IPERS)

The Community College contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing, multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.7% of their annual covered salary and the Community College is required to contribute 5.75% of annual payroll. Contribution requirements are established by State statute. The Community College's contribution to IPERS for the years ended June 30, 2007, 2006, and 2005 were \$144,411, \$135,970, and \$123,246 respectively, equal to the required contribution.

NORTHWEST IOWA COMMUNITY COLLEGE
Notes To Financial Statements
June 30, 2007

NOTE 8 – Teachers Insurance and Annuity Association – College Retirement Equities (TIAA-CREF)

The Community College contributes to the TIAA-CREF retirement program, which is a defined contribution plan. TIAA administers the retirement plan for the Community College. The defined contribution retirement plan provides individual annuities for each plan participant. As required by the Code of Iowa, all eligible Community College employees must participate in a retirement plan from the date they are employed. Contributions made by both employer and employee vest immediately. As specified by the contract with TIAA-CREF, and in accordance with the Code of Iowa, each employee is required to contribute 3.7% and the Community College is required to contribute 5.75%. The Community College and employee required and actual contribution to TIAA-CREF for the year ended June 30, 2007, was \$144,661 and \$132,679, respectively.

NOTE 9 – New Jobs Training Programs

The Community College administers the Iowa Industrial New Jobs Training Program (NJTP) in Area IV in accordance with Chapter 260E of the Code of Iowa. NJTP's purpose is to provide tax-aided training or retraining for employees of industries which are new to or are expanding their operations within the State of Iowa. Certificates are sold by the Community College to fund approved projects and are to be retired by proceeds from anticipated jobs credits from withholding taxes, incremental property taxes, budgeted reserves and in the case of default, from standby property taxes. Since inception, the Community College has administered fifty-eight projects with twenty-four currently receiving project funding. The thirty-four remaining projects have been completed, and only repayment of the certificates is left. In cases where projects exceed the budgeted amounts, the Community College intends to obtain additional withholding revenue from the companies.

The Community College also administers the Iowa Small Business New Jobs Training Program (SBNJTP) in Area IV in accordance with Chapter 260F of the Code of Iowa. SBNJTP's purpose is to provide tax-aided training or retraining for employees of small businesses which are new to or are expanding their operations within the State of Iowa. Approved small businesses receive loans from the Iowa Employment Training Fund, a State administered fund. Since inception, the Community College has administered 70 projects, with 22 currently receiving project funding.

The Community College is also involved in the Iowa Accelerated Career Education (ACE) Program in Area IV in accordance with Chapter 260G of the Code of Iowa. ACE's purpose is to provide financial assistance for business driven training programs. The Community College received state grants for \$291,837 and \$366,666 for the construction of a new facility for the associate degree in nursing program, as well as \$366,666 and \$422,221 for construction involved with a new radiology tech program. In fiscal year 2007 the College was awarded another \$366,666 to be granted after costs for a bio-tech addition are incurred. The second aspect of this program provides funding for the operational costs of a program through withholding credits and a 20% employer match. The Community College has six 260G programs, general machinist, industrial instrumentation, practical nursing, radiology tech, and two associate nursing programs.

NORTHWEST IOWA COMMUNITY COLLEGE
Notes To Financial Statements
June 30, 2007

NOTE 10 – Termination Benefits

The College offered a voluntary early retirement plan to its employees during fiscal year 2006. The plan was effective from July 1, 2006 thru June 30, 2007. Eligible employees must have completed at least ten years of full-time service to the College and must have reached the age of fifty-five on or before June 30 in the calendar year in which early retirement commences. The application for early retirement is subject to approval by the Board of Directors and letter of resignation was to be received by March 13, 2006. Eight employees are in the new program. This was a one time opportunity and currently there is no early retirement plan in place.

Early retirement benefits are a one-time cash incentive equal to the applicable percentage (2-3% based on years of service), multiplied by the employee's total number of qualifying years of service, multiplied by the employee's annual base salary at the date of retirement request or the average of the employee's three highest years of base salary, whichever is greater, with a maximum retirement benefit not to exceed 100% of the employee's annual base salary at the date of request for early retirement.

The one-time incentives will be paid in two equal installments the first within 60 days of retirement. The second payment will be paid one hundred eighty days thereafter.

Eligible employees of the new plan shall also receive, at no cost to the employee, health/dental coverage for both the employee and spouse for up to 84 months depending upon age and years of service.

In fiscal year 2003 the college also offered a one-time enrollment early retirement plan in which the college offered one-time cash payments, which have subsequently been paid, and no cost health/dental coverage to the employees and spouses until age 65. At June 30, 2007 there were four employees receiving health/dental coverage under this plan.

At June 30, 2007, the college has obligations to twelve participants with a total liability of \$868,664. The liability is calculated based on unadjusted premium and incentive amounts to be paid over the term of each employee's involvement in the plan. Actual early retirement cash basis expenditures for the year ended June 30, 2007 totaled \$223,992.

NOTE 11 – Risk Management

The Community College carries commercial insurance purchased from other insurers for coverage associated with general liability, automobile liability and physical damage, property and inland marine, errors and omissions, crime insurance, fiduciary bonds, boiler and machinery insurance, and health and dental insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Prior to July 31, 2003, the Community College self-insured for health and dental coverage. The insurance reserve liability of \$150,000 is maintained in case the Community College decides to self-insure in the future.

NOTE 12 – Commitments

The College has entered into construction contracts totaling \$3,030,418 for the Dormitory, Rad-Tech Addition and parking lot projects. At June 30, 2007 \$1,592,203 of costs had been incurred on these contracts. The remaining \$1,438,215 will be paid as work on the contracts progresses.

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REQUIRED SUPPLEMENTARY INFORMATION

NORTHWEST IOWA COMMUNITY COLLEGE
Budgetary Comparison Schedule of Expenditures –
Budget and Actual
June 30, 2007

Funds/Levy	Original Budget	Amended Budget	Actual	Variance Between Actual and Budget
Unrestricted	\$ 8,745,381	\$ 8,745,381	\$ 8,706,903	\$ 38,478
Restricted	4,159,233	4,159,233	3,501,950	657,283
Unemployment	10,000	10,000	2,350	7,650
Insurance	157,768	157,768	144,218	13,550
Early Retirement	251,929	251,929	79,448	172,481
Equipment Replacement	271,570	271,570	116,469	155,101
Total Restricted	4,850,500	4,850,500	3,844,435	1,006,065
Plant	1,566,000	2,466,000	2,305,891	160,109
Total	\$ 15,161,881	\$ 16,061,881	\$ 14,857,229	\$ 1,204,652

NORTHWEST IOWA COMMUNITY COLLEGE
Note to Required Supplementary Information –
Budgetary Reporting
June 30, 2007

The Board of Directors annually prepares a budget designating the proposed expenditures for operation of the Community College on a basis consistent with U.S. generally accepted accounting principles. Following required public notice and hearing and in accordance with Chapter 260C of the Code of Iowa, the Board of Directors certifies the approved budget to the appropriate county auditors and then submits the budget to the State Board of Education for approval. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Formal and legal budgetary control is based on total operating expenditures.

Budgets are not required to be adopted for the Auxiliary Enterprises subgroup, Job Training Partnership Act Accounts, Loan Funds, Endowment Funds and Agency Funds.

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OTHER SUPPLEMENTARY INFORMATION

NORTHWEST IOWA COMMUNITY COLLEGE
Notes to Other Supplementary Information
June 30, 2007

Supplemental Financial Statements

The supplemental financial information of the Community College is presented on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balance, revenue and expenditures. These funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The various fund groups and their designated purposes are as follows:

Current Funds – The current funds are utilized to account for those economic resources that are expendable for the purpose of performing the primary and supporting missions of the Community College and consist of the following:

Unrestricted Fund – The Educational and Support subgroup of the Unrestricted Fund accounts for the general operations of the Community College. All property tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this subgroup. From this subgroup are paid the general operating expenses, the fixed charges and the expenditures for plant assets that are not paid from other funds.

The Auxiliary Enterprises subgroup accounts for activities which are intended to provide non-instructional services for sales to students, staff, and/or institutional departments and which are supplemental to the educational and general objectives of the Community College. In addition, it accounts for activities which provide instructional and laboratory experiences for students and which incidentally create goods and services that may be sold to students, faculty, staff and the general public.

Restricted Fund – The Restricted Fund is used to account for resources that are available for the operation and support of the educational program but which are restricted as to their use by donors or outside agencies.

Loan Funds – The Loan Funds are used to account for loans to students, and are financed primarily by contributions from private citizens.

Endowment Fund – The Northwest Iowa Community College Foundation is reported as an endowment fund since the net assets are maintained under the separate control of the Foundation Board and are not accessible directly by the Community College. A significant portion of the Foundation net assets are restricted by donors where the principal is maintained inviolate and only the income from those funds may be used.

Plant Funds – The Plant Funds are used to account for transactions relating to investment in the Community College properties and consist of the following self-balancing subfunds:

Unexpended – This subfund is used to account for the unexpended resources derived from various sources for the acquisition or construction of plant assets.

Retirement of Indebtedness – This subfund is used to account for the accumulation of resources for principal and interest payments on plant indebtedness.

NORTHWEST IOWA COMMUNITY COLLEGE
Notes to Other Supplementary Information
June 30, 2007

Investment in Plant – This subfund is used to account for the excess of the carrying value of plant assets over the related liabilities.

Agency Funds – The Agency Funds are used to account for assets held by the Community College in a custodial capacity or as an agent for others. Agency Funds' assets equal liabilities. Transactions of the Agency Funds represent charges or credits to the individual asset and liability accounts and do not involve measurement of revenues or expenditures.

Statements presented in the supplemental information are reported using the "current financial resources measurement focus" and the accrual basis of accounting with modifications for depreciation and other items included in the adjustments column. The statement of revenues, expenditures and changes in fund balance is a statement of financial activities related to the current reporting period. It does not purport to present the results of operations or net income or loss for the period as would a statement of income or a statement of revenues and expenses.

**NORTHWEST IOWA COMMUNITY COLLEGE
BALANCE SHEET
JUNE 30, 2007**

	Current Funds			
	Restricted			Loan Funds
	Unrestricted	New Jobs Training	Other Restricted	
Assets				
Cash and Pooled Investments	\$ 5,720,392	\$ 6,082,834	\$ 1,556,713	\$ 13,028
Receivables:				
Accounts	718,804		4,096	
Property Tax:				
Current Year Delinquent	6,822		8,659	
Succeeding Year	508,281		672,362	
Notes				90
Due from Other Funds	1,346			
Due from Other Governmental Agencies	75,794		142,789	
Iowa Industrial New Jobs Training Program		2,707,166		
Inventories	157,937			
Prepaid Expenses	113,067			
Bond Issue Costs				
Capital Assets				
Land				
Buildings				
Construction in Progress				
Software Development				
Other Structures and Improvements				
Furniture, Machinery and Equipment				
Accumulated Depreciation				
Endowment Investments				
Total Assets	\$ 7,302,443	\$ 8,790,000	\$ 2,384,619	\$ 13,118

See Accompanying Independent Auditor's Report

Endowment Fund	Plant Funds		Investment in Plant	Agency Funds	Adjustments	Total
	Unexpended	Retirement of Indebtedness				
	\$ 4,226,031	\$ 43,441		\$ 160,062		\$ 17,802,501
						722,900
	6,822					22,303
	508,281					1,688,924
						90
	34,358				\$ (35,704)	-
				65,203		283,786
						2,707,166
						157,937
						113,067
	42,597					42,597
			\$ 346,880			346,880
			11,956,148			11,956,148
			1,751,920			1,751,920
			412,457			412,457
			1,017,800			1,017,800
			5,199,147			5,199,147
					(10,439,445)	(10,439,445)
\$ 1,792,337						1,792,337
\$ 1,792,337	\$ 4,818,089	\$ 43,441	\$ 20,684,352	\$ 225,265	\$ (10,475,149)	\$ 35,578,515

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NORTHWEST IOWA COMMUNITY COLLEGE
BALANCE SHEET
JUNE 30, 2007

	Current Funds			
	Unrestricted	Restricted		Loan Funds
		New Jobs Training	Other Restricted	
Liabilities and Equity				
Liabilities:				
Accounts Payable	\$ 385,883		\$ 440	
Salaries and Benefits Payable	183,571		3,524	
Interest Payable				
Due to Other Funds			1,346	
Deferred Revenue				
Succeeding Year Property Tax	508,281		672,362	
Other	335,121		88,636	
Early Retirement Payable			868,664	
Compensated Absences	208,130			
Insurance Reserve	150,000			
Deposits Held in Custody for Others	23,749			
Certificates Payable		\$ 8,790,000		
Notes Payable	25,000			
Bonds Payable				
Total Liabilities	1,819,735	8,790,000	1,634,972	-
Fund Balance:				
Invested in Capital Assets, Net of Related Debt				
Fund Balances:				
Restricted				
Nonexpendable:				
Cash Reserve			119,016	
Temporarily Restricted Foundation Net Assets				
Permanent Foundation Net Assets				
Expendable:				
Loans				\$ 13,118
Board Restricted Foundation Net Assets				
Other Foundation Net Assets				
Other			630,631	
Unrestricted	5,482,708			
Total Fund Balances	5,482,708	-	749,647	13,118
Total Liabilities and Equity	\$ 7,302,443	\$ 8,790,000	\$ 2,384,619	\$ 13,118

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Endowment Fund	Plant Funds		Investment in Plant	Agency Funds	Adjustments	Total
	Unexpended	Retirement of Indebtedness				
	\$ 290,997			\$ 747		\$ 678,067
						187,095
	7,019	\$ 436				7,455
		34,358			\$ (35,704)	-
	508,281					1,688,924
\$ 120,671					(120,671)	423,757
						868,664
				3,659		211,789
						150,000
				220,859		244,608
						8,790,000
			\$ 40,000			65,000
			1,870,000			1,870,000
120,671	806,297	34,794	1,910,000	225,265	(156,375)	15,185,359
			18,774,352		(10,439,445)	8,334,907
						119,016
542,409						542,409
173,610						173,610
						13,118
544,162						544,162
411,485					120,671	532,156
		8,647				639,278
	4,011,792					9,494,500
1,671,666	4,011,792	8,647	18,774,352	-	(10,318,774)	20,393,156
\$ 1,792,337	\$ 4,818,089	\$ 43,441	\$ 20,684,352	\$ 225,265	\$ (10,475,149)	\$ 35,578,515

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**NORTHWEST IOWA COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENDITURES
AND OTHER CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2007**

	Current Funds		
	Unrestricted	Restricted	
		Jobs Training	Other Restricted
Revenues and other additions:			
General:			
State Appropriations	\$ 4,249,009		\$ 343,055
Tuition and Fees	4,035,011		
Property tax	502,765		638,126
Federal Appropriations	229,940		1,308,355
Interest on Investments	716,347	\$ 1,565	45,870
Rental of College Facilities	5,319		
Iowa Industrial New Jobs Training Program		1,889,462	
Proceeds from Sale of Bonds			
Increase in Plant Investment Due to Plant Expenditures			
Increase in Plant Investment Due to Retirement of Debt			
Miscellaneous	98,843		272,556
Total General	9,837,234	1,891,027	2,607,962
Auxiliary Enterprises:			
State Appropriations	226,897		
Tuition and Fees	54,848		
Sales and Services	1,508,599		
Interest on Investments	70,780		
Federal Appropriations	796		
Miscellaneous	964,515		
Total Auxiliary Enterprises	2,826,435	-	-
Foundation Revenue, Gains & Support			
Total Revenues and Other Additions	\$ 12,663,669	\$ 1,891,027	\$ 2,607,962

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Loan Funds	Endowment Funds	Plant Funds			Adjustments	Total
		Unex- pended	Retirement of Indebtedness	Investment in Plant		
		\$ 50,329			\$ (719,255)	\$ 4,642,393
		502,765				3,315,756
						1,643,656
		55,170				1,538,295
						818,952
						5,319
						1,889,462
		1,745,000			(1,745,000)	-
				\$ 1,969,542	(1,969,542)	-
				75,000	(75,000)	-
		-				371,399
-	-	2,353,264	-	2,044,542	(4,508,797)	14,225,232
						226,897
						54,848
					(285,304)	1,223,295
						70,780
						796
						964,515
-	-	-	-	-	(285,304)	2,541,131
	\$ 366,048				9,912	375,960
-	\$ 366,048	\$ 2,353,264	-	\$ 2,044,542	\$ (4,784,189)	\$ 17,142,323

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**NORTHWEST IOWA COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENDITURES
AND OTHER CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2007**

	Current Funds		
	Unrestricted	Restricted	Other Restricted
		Jobs Training	
Expenditures and other deductions:			
Education and Support:			
Liberal Arts and Sciences	\$ 990,573		
Vocational Technical	3,276,902		\$ 110,602
Adult Education	726,216		38,753
Cooperative Services	8,700	\$ 1,891,027	
Administration	636,712		82,795
Student Services	748,640		
Learning Resources	178,303		1,147
Physical Plant	599,849		163,564
General Institution	1,541,008		716,181
Total Education and Support	8,706,903	1,891,027	1,113,042
Auxiliary Enterprises	2,379,406		
Scholarships and Grants			840,366
Plant Asset Acquisitions			
Retirement of Indebtedness			
Disposal of Plant Assets			
Proceeds from Sale of Bonds			
Interest on Indebtedness			
Depreciation			
Foundation Program & Supporting Services			
Total Expenditures	11,086,309	1,891,027	1,953,408
Excess (Deficiency) of Revenues and Other Additions			
Over (Under) Expenditures and Other Deductions	1,577,360	-	654,554
Transfers:			
Mandatory Transfers			
Non-mandatory Transfers	(694,664)		(197,535)
Total Transfers	(694,664)	-	(197,535)
Net	882,696	-	457,019
Fund Balances Beginning of Year	4,600,012	-	292,628
Fund Balances End of Year	\$ 5,482,708	\$ -	\$ 749,647

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Loan Funds	Endowment Funds	Plant Funds			Adjustments	Total
		Unex- pended	Retirement of Indebtedness	Investment in Plant		
	\$ 63,340				\$ (44,107)	\$ 946,466
					(72,747)	3,378,097
					(47,862)	717,107
					(1,451)	1,898,276
						719,507
						748,640
					39,455	218,905
	\$ 265,101					1,028,514
						2,257,189
-	63,340	265,101	-	-	(126,712)	11,912,701
						2,379,406
	129,075				(838,392)	131,049
		1,999,337			(1,999,337)	-
			\$ 75,000		(75,000)	-
				\$ 59,688	(59,688)	-
				1,745,000	(1,745,000)	-
			6,449			6,449
					678,946	678,946
	6,621					6,621
-	199,036	2,264,438	81,449	1,804,688	(4,165,183)	15,115,172
-	167,012	88,826	(81,449)	239,854	(619,006)	2,027,151
		(40,000)	40,000			-
		807,198	85,001			-
-	-	767,198	125,001	-	-	-
-	167,012	856,024	43,552	239,854	(619,006)	2,027,151
\$ 13,118	1,504,654	3,155,768	(34,905)	18,534,498	(9,699,768)	18,366,005
\$ 13,118	\$ 1,671,666	\$ 4,011,792	\$ 8,647	\$ 18,774,352	\$ (10,318,774)	\$ 20,393,156

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**NORTHWEST IOWA COMMUNITY COLLEGE
UNRESTRICTED FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
EDUCATION AND SUPPORT
FOR THE YEAR ENDED JUNE 30, 2007**

	Education			
	Liberal Arts and Science	Vocational Technical	Adult Education	Cooperative Services
REVENUES				
State Appropriations	\$ 852,638	\$ 2,057,250	\$ 1,336,460	
Tuition and Fees	1,048,586	2,646,617	307,412	
Property Tax				
Federal Appropriations		63,564	132,447	\$ 10,000
Rental of College Facilities				
Interest on Investments				
Miscellaneous		726		
	<u>1,901,224</u>	<u>4,768,157</u>	<u>1,776,319</u>	<u>10,000</u>
Allocation of Support Services	366,714	604,831	397,929	12,059
Total Revenues	<u>2,267,938</u>	<u>5,372,988</u>	<u>2,174,248</u>	<u>22,059</u>
EXPENDITURES				
Salaries and Benefits	946,172	2,832,067	558,497	2,060
Services	28,409	165,038	106,380	2,538
Materials and Supplies	15,992	189,394	22,906	3,404
Travel		16,350	38,433	698
Miscellaneous		74,053		
	<u>990,573</u>	<u>3,276,902</u>	<u>726,216</u>	<u>8,700</u>
Allocation of Support Services	983,326	1,621,824	1,067,025	32,337
Total Expenditures	<u>1,973,899</u>	<u>4,898,726</u>	<u>1,793,241</u>	<u>41,037</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	294,040	474,262	381,006	(18,977)
TRANSFERS				
Non-Mandatory Transfers In	1,300	119,553		
Non-Mandatory Transfers Out		(71,752)		(1,300)
Net	<u>\$ 295,340</u>	<u>\$ 522,063</u>	<u>\$ 381,006</u>	<u>\$ (20,277)</u>

Fund Balances Beginning of Year

Fund Balances End of Year

Note: The support services allocations are based on the percentage of contact hours reported.

Support Services					Total Education and Support Services
General Administration	Student Services	Learning Resources	Physical Plant	General Institution	
\$ 702		\$ 114	\$ 1,845		\$ 4,249,009
	\$ 32,396				4,035,011
502,765					502,765
23,929					229,940
			5,319		5,319
695,310				\$ 21,037	716,347
65,192			53	32,872	98,843
1,287,898	32,396	114	7,217	53,909	9,837,234
(1,287,898)	(32,396)	(114)	(7,217)	(53,909)	-
-	-	-	-	-	9,837,234
507,638	659,364	131,285	387,197	690,075	6,714,355
99,601	45,442	14,151	119,312	532,556	1,113,427
11,715	30,602	32,867	93,277	203,552	603,709
17,758	13,232		63	59,437	145,971
				55,388	129,441
636,712	748,640	178,303	599,849	1,541,008	8,706,903
(636,712)	(748,640)	(178,303)	(599,849)	(1,541,008)	-
-	-	-	-	-	8,706,903
-	-	-	-	-	1,130,331
			14,000		134,853
			(21,358)	(992,312)	(1,086,722)
\$ -	\$ -	\$ -	\$ (7,358)	\$ (992,312)	178,462
					1,068,268
					\$ 1,246,730

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NORTHWEST IOWA COMMUNITY COLLEGE
UNRESTRICTED FUND
STATEMENT OF REVENUES, EXPENDITURES
AND OTHER CHANGES IN FUND BALANCE
AUXILIARY ENTERPRISES
FOR THE YEAR ENDED JUNE 30, 2007

	Bookstore	Dormitories	Carpentry
REVENUES			
State Appropriations			
Tuition and Fees			
Sales and Services (Net of Returns)	\$ 597,508	\$ 78,595	\$ 101,000
Interest on Investments	5,784	6,352	8,232
Federal Appropriations	796		
Miscellaneous			3,837
Total Revenues	604,088	84,947	113,069
EXPENDITURES			
Salaries and Benefits	67,351		1,693
Services	16,053	5,021	3,656
Materials and Supplies	6,008	1,755	4,152
Travel	41		
Cost of Goods Sold	426,300		67,434
Miscellaneous			
Total Expenditures	515,753	6,776	76,935
Excess (Deficiency) of Revenues Over (Under) Expenditures	88,335	78,171	36,134
TRANSFERS			
Non-Mandatory Transfers In			2,230
Non-Mandatory Transfers Out		(161,006)	(2,230)
Net	88,335	(82,835)	36,134
Fund Balance Beginning of Year	436,358	206,095	104,543
Fund Balance End of Year	\$ 524,693	\$ 123,260	\$ 140,677

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Farm	Parts	Printing and Reproduction	Trade and Industry	Other	Total
			\$ 160,478	\$ 66,419	\$ 226,897
				54,848	54,848
\$ 1,400	\$ 256,701	\$ 87,324		386,071	1,508,599
5,070	2,963	5,793	20,780	15,806	70,780
					796
810		422	501,944	457,502	964,515
7,280	259,664	93,539	683,202	980,646	2,826,435
		23,158	288,297	64,467	444,966
	831	15,485	404,973	280,139	726,158
	417	12,400	25,680	204,906	255,318
			44,803	58,651	103,495
	230,804	4,542		97,473	826,553
		4	30	22,882	22,916
-	232,052	55,589	763,783	728,518	2,379,406
7,280	27,612	37,950	(80,581)	252,128	447,029
			27,999	526,983	557,212
				(136,771)	(300,007)
7,280	27,612	37,950	(52,582)	642,340	704,234
71,103	108,573	190,749	320,976	2,093,347	3,531,744
\$ 78,383	\$ 136,185	\$ 228,699	\$ 268,394	\$ 2,735,687	\$ 4,235,978

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NORTHWEST IOWA COMMUNITY COLLEGE
RESTRICTED FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2007

	Scholarships and Grants	Equipment Replacement	Insurance
REVENUES			
State Appropriations	\$ 102,681		
Property Tax		\$ 223,451	\$ 162,101
Federal Appropriations	583,830		
Investment Income			
Iowa Industrial New Jobs Training Program			
Miscellaneous	153,753		
Total Revenues	<u>840,264</u>	<u>223,451</u>	<u>162,101</u>
EXPENDITURES			
Salaries and Benefits			
Services			144,218
Material and Supplies		116,469	
Travel			
Interest in Indebtedness			
Federal Pell Grant Program	559,474		
Federal Supplemental Educational Opportunity Grant	13,884		
Federal TRIO and Title 3 Grant Program			
Federal College Work Study	1,872		
Other Misc. Federal Funds	8,600		
Iowa College Student Aid Commission	76,925		
Other Misc. State Grants	20,556		
Private Scholarships	159,055		
Total Expenditures	<u>840,366</u>	<u>116,469</u>	<u>144,218</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(102)	106,982	17,883
TRANSFERS			
Non-Mandatory Transfers Out			
Net	<u>(102)</u>	<u>106,982</u>	<u>17,883</u>
Fund Balances Beginning of Year	<u>6,491</u>	<u>(84,542)</u>	<u>76,215</u>
Fund Balances (Deficit) End of Year	<u>\$ 6,389</u>	<u>\$ 22,440</u>	<u>\$ 94,098</u>

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Unemployment Compensation	Early Retirement	Cash Reserve	Iowa Industrial New Jobs Training Program	Other	Total
	\$ 252,574			\$ 240,374	\$ 343,055
					638,126
				724,525	1,308,355
			\$ 1,565	45,870	47,435
			1,889,462		1,889,462
				118,803	272,556
<u>-</u>	<u>252,574</u>	<u>-</u>	<u>1,891,027</u>	<u>1,129,572</u>	<u>4,498,989</u>
\$ 2,350	79,448			482,033	563,831
			1,349,597	100,137	1,593,952
				145,452	261,921
				22,540	22,540
			541,430		541,430
					559,474
					13,884
				20,395	20,395
					1,872
					8,600
					76,925
					20,556
					159,055
<u>2,350</u>	<u>79,448</u>	<u>-</u>	<u>1,891,027</u>	<u>770,557</u>	<u>3,844,435</u>
(2,350)	173,126	-	-	359,015	654,554
				(197,535)	(197,535)
<u>(2,350)</u>	<u>173,126</u>	<u>-</u>	<u>-</u>	<u>161,480</u>	<u>457,019</u>
29,048	(937,362)	\$ 119,016	-	1,083,762	292,628
<u>\$ 26,698</u>	<u>\$ (764,236)</u>	<u>\$ 119,016</u>	<u>\$ -</u>	<u>\$ 1,245,242</u>	<u>\$ 749,647</u>

NORTHWEST IOWA COMMUNITY COLLEGE
AGENCY FUNDS
STATEMENT OF CHANGES IN DEPOSITS HELD IN CUSTODY FOR OTHERS
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Student Clubs and Organizations</u>	<u>Iowa Retraining Loan Program</u>	<u>NICC Foundation</u>	<u>Other</u>	<u>Total</u>
Balance Beginning of Year	\$ 41,652	\$ 4,475	\$ 173,408	\$ 90	\$ 219,625
<u>ADDITIONS</u>					
State Appropriations					
Tuition and Fees	29,290				29,290
Interest on Investments			2,914		2,914
Transfers from Governmental Funds	5,800		40,000		45,800
Miscellaneous	35,134			65,139	100,273
Total Additions	70,224	-	42,914	65,139	178,277
<u>DEDUCTIONS</u>					
Salaries and Benefits	13,062		14,864	56,203	84,129
Services and Workshops	19,059			7,449	26,508
Material and Supplies	33,457			3,680	37,137
Travel	17,095			546	17,641
Scholarships and Awards	1,756				1,756
Miscellaneous	9,872				9,872
Total Deductions	94,301	-	14,864	67,878	177,043
Balance End of Year	<u>\$ 17,575</u>	<u>\$ 4,475</u>	<u>\$ 201,458</u>	<u>\$ (2,649)</u>	<u>\$ 220,859</u>

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**NORTHWEST IOWA COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2007**

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Program Expenditures</u>	<u>New Loans and New Loan Guarantees</u>
Direct:			
U.S. Department of Education:			
Student Financial Aid Cluster:			
Federal Supplemental Educational Opportunity Grants	84.007	\$ 13,884	
Federal Family Education Loans	84.032		\$ 1,706,185
Federal Work-Study Program	84.033	25,149	
Federal Pell Grant Program	84.063	560,719	
Academic Competitiveness Grants	84.375	8,600	
Total for Student Financial Aid Cluster - Note 2		608,352	1,706,185
TRIO Student Support Services	84.042	220,653	
U.S. Department of Labor:			
WIA Pilots, Demonstrations, and Research Projects	17.261	402,426	
Total Direct		1,231,431	1,706,185
Indirect:			
U.S. Department of Education:			
Indirect Through Iowa Department of Education:			
Adult Education - State Grant Program	84.002	130,897	
Vocational Education - Basic Grants to States	84.048	63,564	
Vocational Education - Sex Equity/Minority Grant	84.048A	10,000	
Tech-Prep Education	84.243	65,712	
U.S. Department of Labor:			
Indirect Through Iowa Department of Education:			
Incentive Grants- WIA Section 503	17.267	24,493	
Mine Health and Safety Grants	17.600'	1,550	
U.S. Department of Health and Human Services			
Chafee Education and Training Vouchers Program	93.599	5,200	
Total Indirect		301,416	-
Total		<u>\$ 1,532,847</u>	<u>\$ 1,706,185</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1 - **BASIS OF PRESENTATION**- The above Schedule of Expenditures of Federal Awards includes the federal grant activity of Northwest Iowa Community College and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of the OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Note 2 - **MAJOR PROGRAMS**- Total expenditures from the Student Financial Aid Cluster and WIA Pilots, Demonstrations, and Research Projects are considered major programs.

**NORTHWEST IOWA COMMUNITY COLLEGE
SCHEDULE OF COSTS COMPARED TO BUDGET
IOWA INDUSTRIAL NEW JOBS TRAINING PROGRAM
FOR THE YEAR ENDED JUNE 30, 2007**

Project Name	Project Costs				Subtotal
	Training and Wages	Administration	Transfers	Legal and Issue Costs	
Plum Building Systems - 96					
DEMCO - 97		\$ 91			\$ 91
Foreign Candy Co. - 97		65			65
Vet Pharm - 97		66			66
Miller Loaders, Inc. - 97		4,085			4,085
Nemschoff Chairs - 97	\$ 8,791	123			8,914
Maintainer Corp. of Iowa - 97	9,386	111			9,497
Interstates Electric - 97		234			234
Link Manufacturing - 97		176			176
The Conveyor Company - 98		273			273
Rosenboom Machine & Tool - 98	20,327	377			20,704
Excel Specialty Products - 99		610			610
Foreign Candy Co. - 99		260			260
Med Tec - 99		120			120
Data Dimensions - 99		10			10
Pella Corp. - 00		660			660
Link Manufacturing - 00		140			140
Hayes-Albion - 00		140			140
Valley Machining - 00		60			60
Pella Corp. - 01		546			546
Vet Pharm - 01		98			98
SL Energy and Livestock - 01	6,680	56			6,736
Advanced Brands	55,717	700			56,417
Interstates Electric - 03	59,531	429			59,960
Revival Animal Health - 03	13,840	131			13,971
Little Sioux Corn Processors - 03		315			315
Patrick Cudahy - 04	19,178	210			19,388
Total Component Solutions - 04		53			53
Novartis Animal Health - 04	36,572	88			36,660
TEC Industries - 05	46,113	101			46,214
Alpha Omega Publishing - 05	969	45			1,014
Prestige Foods - 05		202			202
Advanced Brands #2	538,668				538,668
Cargobody Products					-
Maintainer Corp. #2	182,289				182,289
Nemschoff Chairs #2	22,126				22,126
Patrick Cudahy #2	37,005				37,005
Pella #3	95,137				95,137
Roseboon #3	12,642				12,642
Alpha Omega Publishing - #2		64,538		\$ 3,840	68,378
JTV- 07		47,610		3,133	50,743
Total Component Solutions - #2		27,508		1,639	29,147
Quality Machine- 07		24,334		1,449	25,783
Total	<u>\$ 1,164,971</u>	<u>\$ 174,565</u>	<u>\$ -</u>	<u>\$ 10,061</u>	<u>\$ 1,349,597</u>

See Accompanying Independent Auditor's Report

Retirement Costs		Current Year Costs	Less: Non-Budgeted Costs	Prior Period Budgeted Costs	Total Budgeted Costs	Budget
Debt	Interest					
				\$ 92,463	\$ 92,463	\$ 100,000
\$ 15,000	\$ 945	\$ 16,036	\$ 15,945	85,583	85,674	105,000
10,000	630	10,695	10,630	64,456	64,521	70,000
15,000	1,043	16,109	16,043	68,379	68,445	75,000
20,000	1,260	25,345	21,260	19,466	23,551	95,000
20,000	1,390	30,304	21,390	99,286	108,200	140,000
25,000	1,737	36,234	26,737	103,766	113,263	130,000
45,000	2,835	48,069	47,835	228,437	228,671	265,000
30,000	1,890	32,066	31,890	155,048	155,224	200,000
40,000	5,228	45,501	45,228	270,524	270,797	320,000
55,000	7,380	83,084	62,380	220,211	240,915	385,000
70,000	15,230	85,840	85,230	477,698	478,308	535,000
30,000	6,090	36,350	36,090	225,697	225,957	275,000
15,000	3,046	18,166	18,046	73,059	73,179	115,000
	340	350	340	9,210	9,220	10,000
150,000	38,328	188,988	188,328	639,204	639,864	1,220,000
35,000	8,603	43,743	43,603	205,456	205,596	275,000
35,000	8,602	43,742	43,602	252,055	252,195	285,000
15,000	3,518	18,578	18,518	97,359	97,419	110,000
125,000	45,565	171,111	170,565	874,045	874,591	1,225,000
25,000	9,450	34,548	34,450	92,112	92,210	220,000
10,000	4,560	21,296	14,560	56,934	63,670	120,000
80,000	29,585	166,002	109,585	322,391	378,808	875,000
30,000	12,280	102,240	42,280	146,859	206,819	335,000
10,000	3,743	27,714	13,743	56,087	70,058	100,000
25,000	8,490	33,805	33,490	215,777	216,092	245,000
60,000	24,900	104,288	84,900	465,734	485,122	675,000
15,000	6,498	21,551	21,498	147,401	147,454	165,000
20,000	9,965	66,625	29,965	164,307	200,967	285,000
35,000	15,857	97,071	50,857	109,106	155,320	310,000
25,000	7,130	33,144	32,130	91,465	92,479	145,000
100,000	29,578	129,780	129,578	259,623	259,825	620,000
20,000	61,710	620,378	81,710	259,880	798,548	1,130,000
10,000	23,630	33,630	33,630	134,490	134,490	430,000
15,000	25,133	222,422	40,133	105,828	288,117	460,000
15,000	27,024	64,150	42,024	220,734	242,860	495,000
10,000	24,089	71,094	34,089	101,227	138,232	440,000
20,000	33,837	148,974	53,837	142,602	237,739	620,000
20,000	30,311	62,953	50,311	127,657	140,299	555,000
		68,378	-		68,378	305,000
		50,743	-		50,743	225,000
		29,147	-		29,147	130,000
		25,783	-		25,783	115,000
<u>\$ 1,295,000</u>	<u>\$ 541,430</u>	<u>\$ 3,186,027</u>	<u>\$ 1,836,430</u>	<u>\$ 7,481,616</u>	<u>\$ 8,831,213</u>	<u>\$ 14,935,000</u>

See Accompanying Independent Auditor's Report

**NORTHWEST IOWA COMMUNITY COLLEGE
SCHEDULE OF CREDIT/CONTACT HOUR ENROLLMENT
FOR THE YEAR ENDED JUNE 30, 2007**

<u>Category</u>	<u>Credit Hours</u>			<u>Contact Hours</u>		
	<u>Eligible for Aid</u>	<u>Not Eligible for Aid</u>	<u>Total</u>	<u>Eligible for Aid</u>	<u>Not Eligible for Aid</u>	<u>Total</u>
Arts and Sciences	12,934	-	12,934	260,907	-	260,907
Vocational Education	15,575	-	15,575	430,320	-	430,320
Adult and Continuing Education	-	-	-	255,644	27,471	283,115
Cooperative Programs and Services	-	-	-	-	-	-
Related Services and Activities	-	-	-	-	8,580	8,580
Total	<u>28,509</u>	<u>-</u>	<u>28,509</u>	<u>946,871</u>	<u>36,051</u>	<u>982,922</u>

See Accompanying Independent Auditor's Report

**NORTHWEST IOWA COMMUNITY COLLEGE
SCHEDULE OF TAX AND INTERGOVERNMENTAL REVENUES**

	<u>Years Ended June 30,</u>				
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Local (Property Tax)	\$ 1,643,656	\$ 1,385,528	\$ 1,365,872	\$ 1,739,325	\$ 1,439,405
State	4,869,290	5,076,529	4,480,350	4,834,384	3,920,141
Federal	1,539,091	1,300,358	1,707,628	1,471,415	1,504,354
Total	<u>\$ 8,052,037</u>	<u>\$ 7,762,415</u>	<u>\$ 7,553,850</u>	<u>\$ 8,045,124</u>	<u>\$ 6,863,900</u>

**NORTHWEST IOWA COMMUNITY COLLEGE
SCHEDULE OF CURRENT FUND REVENUES BY SOURCE
AND EXPENDITURES BY FUNCTION
FOR THE LAST TWO YEARS**

	Years Ended June 30,	
	2007	2006
Revenues:		
State Appropriations	\$ 4,592,064	\$ 4,401,131
Tuition and Fees	3,315,756	3,680,573
Property Tax	1,140,891	904,535
Federal Appropriations	1,538,295	1,233,337
Interest on Investments	763,782	475,939
Rental of College Facilities	5,319	16,740
Iowa Industrial New Jobs Training Program	1,889,462	2,142,573
Auxiliary Enterprises	2,826,435	2,204,798
Miscellaneous	371,399	1,004,317
Total	\$ 16,443,403	\$ 16,063,943
Expenditures:		
Liberal Arts and Sciences	\$ 990,573	\$ 931,718
Vocational Technical	3,387,504	3,450,254
Adult Education	764,969	701,671
Cooperative Services	1,899,727	2,163,105
Administration	719,507	1,444,392
Student Services	748,640	632,854
Learning Resources	179,450	170,120
Physical Plant	763,413	723,572
General Institution	2,257,269	1,814,882
Auxiliary Enterprises	2,379,406	2,072,195
Scholarships and Grants	840,366	877,555
Total	\$ 14,930,824	\$ 14,982,318



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Northwest Iowa Community College
Sheldon, Iowa

We have audited the statement of net assets, and the related statement of revenues, expenses and changes in net assets and cash flows of NORTHWEST IOWA COMMUNITY COLLEGE, Sheldon, Iowa, as of and for the year ended June 30, 2007, and have issued our report thereon dated December 7, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Northwest Iowa Community College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that we are required to report under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the College's operations for the year ended June 30, 2007, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the College. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have been resolved.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Northwest Iowa Community College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Northwest Iowa Community College's internal

control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Northwest Iowa Community College's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency and a material weakness.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned function, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Northwest Iowa Community College's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Northwest Iowa Community College's financial statements that is more than inconsequential will not be prevented or detected by Northwest Iowa Community College's internal control. We consider the deficiency in internal control described in the accompanying Schedule of Findings and Questioned Costs as item II-A-07 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Northwest Iowa Community College's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiency described above is a material weakness.

Northwest Iowa Community College's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the College's response, we did not audit Northwest Iowa Community College's response and, accordingly, we express no opinion on it.

This report, a public record by law, is intended solely for the information and use of the officials, management, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Northwest Iowa Community College during the course of our audit. If you have any questions concerning the above matters we will be pleased to discuss them with you at your convenience.

Williams & Company, P.C.
Certified Public Accountants

Le Mars, Iowa
December 7, 2007



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND
INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors
Northwest Iowa Community College
Sheldon, Iowa

Compliance

We have audited the compliance of NORTHWEST IOWA COMMUNITY COLLEGE, Sheldon, Iowa, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major Federal programs for the year ended June 30, 2007. Northwest Iowa Community College's major Federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major Federal program is the responsibility of Northwest Iowa Community College's management. Our responsibility is to express an opinion on Northwest Iowa Community College's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Northwest Iowa Community College's compliance with those requirements.

In our opinion, Northwest Iowa Community College complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of the College is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the College's internal control over compliance with requirements that could have a direct and material

effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Northwest Iowa Community College's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the officials, management, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Williams & Company, P.C.
Certified Public Accountants

Le Mars, Iowa
December 7, 2007

**NORTHWEST IOWA COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007**

Part I: Summary of the Independent Auditors' Results:

- (a) An unqualified opinion was issued on the financial statements.
- (b) A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements, including a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No significant deficiencies in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did not disclose any audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:

WIA Pilots, Demonstrations, and Research Projects

CFDA Number: 17.261

Student Financial Assistance Cluster:

CFDA Numbers:	84.007	Federal Supplemental Educational Opportunity Grants
	84.032	Federal Family Education Loans
	84.033	Federal Work-Study Program
	84.063	Federal Pell Grant Program
	84.375	Academic Competitiveness Grants

- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Northwest Iowa Community College qualified as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCIES:

II-A-07 Financial Reporting – During the audit, we identified material amounts of receivables, payables and capital asset additions not recorded in the College's financial statements. It was also noted that in some instances the expense associated with the College's portion of employee health insurance was not being charged to the appropriate department. Adjustments were subsequently made by the College to properly include these amounts in the financial statements.

Recommendation – The College should implement procedures to ensure all receivables, payables, insurance expense and capital asset additions are properly identified, classified, and included in the College's financial statements.

Response – We will revise our current procedures to ensure the proper amounts are recorded in the financial statements in the future.

Conclusion – Response accepted.

**NORTHWEST IOWA COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007**

Part III: Findings and Questioned Costs for Federal Awards:

No instances of noncompliance or significant deficiencies relating to Federal Awards were noted.

Part IV: Other Findings Related to Required Statutory Reporting:

- | | |
|---------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 07-IV-A | <u>Certified Budget</u> – Total operating expenditures for the year ended June 30, 2007 did not exceed the amount budgeted. |
| 07-IV-B | <u>Questionable Expenditures</u> – No expenditures that did not meet the requirements of public purpose, as defined in an Attorney General's opinion, dated April 25, 1979, were noted. |
| 07-IV-C | <u>Travel Expense</u> – No expenditures of the Community College money for travel expenses of spouses of Community College officials or employees were noted. No travel advances to Community College officials or employees were noted. |
| 07-IV-D | <u>Business Transactions</u> – No non-exempt business transactions between the Community College and the Community College officials or employees were noted. |
| 07-IV-E | <u>Bond Coverage</u> – Surety bond coverage of Community College officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure the coverage is adequate for current operations |
| 07-IV-F | <u>Board Minutes</u> – No transactions were found that we believe should have been approved in the Board minutes but were not. |
| 07-IV-G | <u>Publication</u> – The Community College published a statement of receipts and disbursements of all required funds, including the names of all persons, firms or corporations to which disbursements were made, as required by Chapter 260C.14(12) of the Code of Iowa. |
| 07-IV-H | <u>Deposits and Investments</u> – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the College's investment policy were noted. |
| 07-IV-I | <u>Credit/Contact Hours</u> – Eligible credit and contact hours reported to the Iowa Department of Education by the Community College were supported by detailed records maintained by the Community College, except for the misstatements shown below: |

**NORTHWEST IOWA COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007**

Part IV: Other Findings Related to Required Statutory Reporting - (Continued):

	Reported	Total per Supporting Documentation	Difference
Arts and Sciences:			
Credit Hours	12,934	12,937	3
Contact Hours	260,907	260,907	-
Adult Continuing Education:			
Credit Hours	-	-	-
Contact Hours	259,724	255,644	4080

Recommendation – The College should develop procedures to ensure the report submitted to the Iowa Department of Education reconciles to the supporting detailed records.

Response – The College will continue to monitor credit/contact hours to ensure all reports submitted reconcile to the detail maintained.

Conclusion – Response accepted.

**NORTHWEST IOWA COMMUNITY COLLEGE
SCHEDULE OF PRIOR YEAR FINDINGS FOR FEDERAL AWARDS
YEAR ENDED JUNE 30, 2006**

The audit for the year ended June 30, 2006 did not disclose any audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).